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Message Text

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66
ACTION ARA-20

INFO OCT-01 ADP-00 OPIC-12 XMB-07 TRSE-00 OMB-01 L-03 EB-11

H-02 INT-08 AID-20 COME-00 CIEP-02 CIAE-00 INR-10

NSAE-00 RSC-01 RSR-01 /099 W
---------- 046008
P 102316Z JUL 73
FM AMEMBASSY SANTIAGO
TO SECSTATE WASHDC PRIORITY 4835

C O N F I D E N T I A L SANTIAGO 3033

E.O. 11652: GDS
TAGS: CI, BDIS
SUBJ: CERRO AGREEMENT WITH GOC: ANOTHER HITCH

PASS OPIC, EXIM, AND TREAS

REF: SANTIAGO 2994

1. SUMMARY. CERRO VP WALSH REPORTS GOC NOW BALKING AT DETAILS OF AGREEMENT. FONMIN LETELIER IS OPTIMISTIC THAT AGREEMENT WILL SOON BE SIGNED. END SUMMARY.

2. CERRO VP WALSH REPORTS THAT GOC NEGOTIATING TEAM NOW BALKING AT DETAILS OF AGREEMENT IN PRINCIPLE TO PAY FOR EQUITY DEBT AND INTEREST DUE CERRO (REFTEL). SPECIFICALLY, GOC UNWILLING AT THIS TIME TO COMMIT THEMSELVES IN WRITING ABOUT WORDING OF FINAL PRESIDENTIAL DECREE WHICH WOULD BE REQUIRED TO SCHEDULE INDEMNIFICATION PAYMENTS TO CERRO FOR ITS EQUITY. WALSH SAID BOTH SIDES STILL AGREE VERBALLY ON SCHEDULE OF THESE PAYMENTS. GOC "NERVOUS" ABOUT PREVIOUSLY AGREED LETTER WHICH WOULD BE ATTACHED TO AGREEMENT IN PRINCIPLE, AND WOULD SPELL OUT GOC COMMITMENT TO REDUCE TOLLING RATE ON COPPER REFINED FOR CERRO DURING AGREEMENT PERIOD.

3. WALSH HOPEFUL THAT GOC TEAM WHICH NOW MEETING PRIVATELY (1800 HOURS) WILL WORK OUT BETTER GOC POSITION AND THAT AGREEMENT
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IN PRINCIPLE, WHICH NOW PREPARED FOR SIGNATURE, CAN BE SIGNED

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TONIGHT. GOC NEGOTIATORS DUE TO TRAVEL TO CHUQUICAMATA TO-
MORROW, AND WALSH WORRIED THAT "HEAD OF STEAM" TO CONCLUDE
AGREEMENT MAY BE LOST AS PARIS CLUB MEETING OPENS. IN THIS
REGARD, HE SAID THAT DURING HIS MEETING WITH FONMIN LETELIER AT
1300 HOURS TODAY, FONMIN SOUGHT ASSURANCE THAT PROGRESS OF TALKS
WAS BEING REPORTED TO USG AND THAT FINAL SIGNING, WHEN IT OCCURRED,
WOULD BE COMMUNICATED IMMEDIATELY TO USG.

4. COMMENT. DURING MY OWN MEETING WITH FONMIN AT 1600
HOURS I TOOK OCCASION TO THANK HIM FOR HIS EFFORTS TO SPEED NEGOTIA-
TIONS. LETELIER SAID HE WAS OPTIMISTIC AGREEMENT
WOULD SOON BE SIGNED (A STATEMENT HE HAS MADE BEFORE).
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